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**理文造紙有限公司\***

**Lee & Man Paper Manufacturing Limited**

*(Incorporated in the Cayman Islands and its members' liability is limited)*

**(Stock Code: 2314)**

**FINAL RESULTS ANNOUNCEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2023**

**FINANCIAL HIGHLIGHTS**

- Revenue for the year of HK\$24,937 million (2022: HK\$29,170 million);
- Net profit for the year of HK\$1,154 million (2022: HK\$1,317 million);
- Net profit per ton about HK\$176 for the year;
- Stable payout ratio of about 35%, with proposed final dividend of HK6.1 cents per share.

\* *For identification purposes only*

## FINAL RESULTS

The Board of Directors (the “Board”) of Lee & Man Paper Manufacturing Limited (the “Company”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (the “Group”) for the year ended 31 December 2023 as follows:

### CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

*For the year ended 31 December 2023*

|  | <i>Notes</i> | <b>2023</b><br><i>HK\$'000</i> | 2022<br><i>HK\$'000</i> |
|--|--------------|--------------------------------|-------------------------|
| Revenue  | 3            | <b>24,937,083</b>              | 29,170,402              |
| Cost of sales  |              | <b>(22,434,909)</b>            | (26,477,906)            |
| Gross profit   |              | <b>2,502,174</b>               | 2,692,496               |
| Other income   | 4            | <b>911,727</b>                 | 908,884                 |
| Impairment losses on trade receivables,<br>net of reversal               |              | <b>(20,289)</b>                | 7,529                   |
| Other gains and losses, net  | 5            | <b>8,332</b>                   | (3,455)                 |
| Distribution and selling expenses  |              | <b>(595,340)</b>               | (784,438)               |
| General and administrative expenses                                      |              | <b>(1,117,844)</b>             | (1,238,554)             |
| Share of result of an associate  |              | <b>1,688</b>                   | 55                      |
| Share of result of a joint venture                                       |              | <b>31</b>                      | (27)                    |
| Finance costs  | 6            | <b>(278,120)</b>               | (123,769)               |
| Profit before tax  |              | <b>1,412,359</b>               | 1,458,721               |
| Income tax expense   | 7            | <b>(258,396)</b>               | (141,531)               |
| <b>Profit for the year</b>   | 8            | <b>1,153,963</b>               | 1,317,190               |
| <b>Other comprehensive expense</b>                                       |              |                                |                         |
| <i>Item that may be reclassified subsequently to<br/>profit or loss:</i> |              |                                |                         |
| Exchange differences arising on translation of<br>foreign operations     |              | <b>(445,346)</b>               | (4,731,419)             |
| <b>Total comprehensive income/(expense) for the year</b>                 |              | <b>708,617</b>                 | (3,414,229)             |

|  | <i>Note</i> | <b>2023</b><br><b>HK\$'000</b> | 2022<br><i>HK\$'000</i> |
|--|-------------|--------------------------------|-------------------------|
| Profit for the year attributable to:                         |             |                                |                         |
| Owners of the Company:                                       |             |                                |                         |
| – Ordinary shareholders                                      |             | <b>1,050,931</b>               | 1,185,236               |
| – Perpetual capital securities holders                       |             | <b>101,677</b>                 | 131,096                 |
| Non-controlling interests                                    |             | <b>1,355</b>                   | 858                     |
|  |             | <b><u>1,153,963</u></b>        | <u>1,317,190</u>        |
| <br>Total comprehensive income (expense)<br>attributable to: |             |                                |                         |
| Owners of the Company:                                       |             |                                |                         |
| – Ordinary shareholders                                      |             | <b>605,877</b>                 | (3,545,710)             |
| – Perpetual capital securities holders                       |             | <b>101,677</b>                 | 131,096                 |
| Non-controlling interests                                    |             | <b>1,063</b>                   | 385                     |
|  |             | <b><u>708,617</u></b>          | <u>(3,414,229)</u>      |
|  |             | <b><i>HK cents</i></b>         | <i>HK cents</i>         |
| <br>Earnings per share – Basic                               | <i>10</i>   | <b><u>24.39</u></b>            | <u>27.46</u>            |

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2023

|   | <i>Notes</i> | <b>2023</b><br><i>HK\$'000</i> | <b>2022</b><br><i>HK\$'000</i> |
|---|--------------|--------------------------------|--------------------------------|
| <b>NON-CURRENT ASSETS</b>   |              |                                |                                |
| Property, plant and equipment                                     | <i>11</i>    | <b>37,788,561</b>              | 35,130,428                     |
| Right-of-use assets   | <i>11</i>    | <b>1,240,196</b>               | 998,273                        |
| Investment properties   |              | <b>526,099</b>                 | 518,644                        |
| Deposits paid for acquisition of property,<br>plant and equipment |              | <b>886,075</b>                 | 538,333                        |
| Interest in an associate  |              | <b>102,456</b>                 | 74,550                         |
| Interest in a joint venture                                       |              | <b>80,786</b>                  | 81,173                         |
| Loan to a joint venture   |              | <b>63,955</b>                  | 63,397                         |
| Trade and other receivables and prepayments                       | <i>13</i>    | <b>268,000</b>                 | –                              |
|   |              | <b>40,956,128</b>              | 37,404,798                     |
| <b>CURRENT ASSETS</b>   |              |                                |                                |
| Inventories   | <i>12</i>    | <b>4,921,137</b>               | 4,990,108                      |
| Trade and other receivables and prepayments                       | <i>13</i>    | <b>6,700,611</b>               | 6,040,325                      |
| Amounts due from related companies                                |              | <b>2,296</b>                   | 92,137                         |
| Bank balances and cash  |              | <b>1,517,149</b>               | 1,798,317                      |
|   |              | <b>13,141,193</b>              | 12,920,887                     |
| <b>CURRENT LIABILITIES</b>  |              |                                |                                |
| Trade and other payables  | <i>14</i>    | <b>3,657,943</b>               | 3,643,934                      |
| Amounts due to related companies                                  |              | <b>14,631</b>                  | 11,772                         |
| Tax payable   |              | <b>99,835</b>                  | 59,149                         |
| Lease liabilities   |              | <b>16,710</b>                  | 16,575                         |
| Contract liabilities  |              | <b>58,292</b>                  | 60,673                         |
| Advances drawn on bills discounted with recourse                  |              | <b>551,555</b>                 | –                              |
| Bank borrowings   |              | <b>7,037,100</b>               | 8,500,876                      |
|   |              | <b>11,436,066</b>              | 12,292,979                     |
| <b>NET CURRENT ASSETS</b>   |              | <b>1,705,127</b>               | 627,908                        |
| <b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>                      |              | <b>42,661,255</b>              | 38,032,706                     |

|  | <i>Note</i> | <b>2023</b><br><b>HK\$'000</b> | 2022<br><i>HK\$'000</i> |
|--|-------------|--------------------------------|-------------------------|
| <b>NON-CURRENT LIABILITIES</b>               |             |                                |                         |
| Bank borrowings                              |             | <b>12,256,122</b>              | 7,826,554               |
| Lease liabilities                            |             | <b>59,376</b>                  | 65,710                  |
| Deferred tax liabilities                     |             | <b>1,578,795</b>               | 1,533,548               |
|  |             | <u><b>13,894,293</b></u>       | <u>9,425,812</u>        |
|  |             | <u><b>28,766,962</b></u>       | <u>28,606,894</u>       |
| <b>CAPITAL AND RESERVES</b>                  |             |                                |                         |
| Share capital                                |             | <b>107,720</b>                 | 107,739                 |
| Reserves                                     |             | <b>27,008,708</b>              | 26,634,104              |
|  |             | <u><b>27,116,428</b></u>       | <u>26,741,843</u>       |
| Perpetual capital securities                 | <i>15</i>   | <b>1,641,084</b>               | 1,856,664               |
|  |             | <u><b>28,757,512</b></u>       | <u>28,598,507</u>       |
| Equity attributable to owners of the Company |             | <b>9,450</b>                   | 8,387                   |
| Non-controlling interests                    |             | <u><b>28,766,962</b></u>       | <u>28,606,894</u>       |

## NOTES:

### 1. BASIS OF PREPARATION

The consolidated financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements of the Group include applicable disclosures required by the Rules Governing the Listing of Securities (“Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) and the Hong Kong Companies Ordinance.

### 2. APPLICATION OF NEW AND AMENDMENTS TO HKFRSs

#### **New and amendments to HKFRSs that are mandatorily effective for the current year**

In the current year, the Group has applied the following new and amendments to HKFRSs issued by HKICPA for the first time, which are mandatorily effective for the Group’s annual periods beginning on 1 January 2023 for the preparation of the consolidated financial statements:

|  |  |
|--|--|
| HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17) | Insurance Contracts  |
| Amendments to HKAS 8   | Definition of Accounting Estimates   |
| Amendments to HKAS 12  | Deferred Tax related to Assets and Liabilities arising from a Single Transaction |
| Amendments to HKAS 12  | International Tax Reform – Pillar Two model Rules                                |
| Amendments to HKAS 1 and HKFRS Practice Statement 2                            | Disclosure of Accounting Policies  |

Except as described below, the application of the new and amendments to HKFRSs in the current year has had no material impact on the Group’s financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

#### **Impacts on application of Amendments to HKAS 8 *Definition of Accounting Estimates***

The Group has applied the amendments for the first time in the current year. The amendments define accounting estimates as “monetary amounts in financial statements that are subject to measurement uncertainty”. An accounting policy may require items in financial statements to be measured in a way that involves measurement uncertainty. In such a case, an entity develops an accounting estimate to achieve the objective set out by the accounting policy. The amendments to HKAS 8 clarify the distinction between changes in accounting estimates, and changes in accounting policies and the correction of errors.

The application of the amendments in the current year had no material impact on the consolidated financial statements.

## **Impacts on application of Amendments to HKAS 1 and HKFRS Practice Statement 2 *Disclosure of Accounting Policies***

The Group has applied the amendments for the first time in the current year. HKAS 1 *Presentation of Financial Statements* is amended to replace all instances of the term “significant accounting policies” with “material accounting policy information”. Accounting policy information is material if, when considered together with other information included in an entity’s financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The amendments also clarify that accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. If an entity chooses to disclose immaterial accounting policy information, such information must not obscure material accounting policy information.

HKFRS Practice Statement 2 *Making Materiality Judgements* (the “Practice Statement”) is also amended to illustrate how an entity applies the “four-step materiality process” to accounting policy disclosures and to judge whether information about an accounting policy is material to its financial statements. Guidance and examples are added to the Practice Statement.

The application of the amendments has had no material impact on the Group’s financial positions and performance but has affected the disclosure of the Group’s accounting policies to the consolidated financial statements.

### **Amendments to HKFRSs in issue but not yet effective**

The Group has not early applied the following amendments to HKFRSs that have been issued but are not yet effective:

|                                    |  |
|------------------------------------|--|
| Amendments to HKFRS 10 and HKAS 28 | Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>1</sup>                               |
| Amendment to HKFRS 16              | Lease Liability in a Sale and Leaseback <sup>2</sup>   |
| Amendment to HKAS 1                | Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) <sup>2</sup> |
| Amendments to HKAS 1               | Non-current Liabilities with Covenants <sup>2</sup>  |
| Amendments to HKAS 7 and HKFRS 7   | Supplier Finance Arrangements <sup>2</sup>   |
| Amendments to HKAS 21              | Lack of Exchangeability <sup>3</sup>   |

<sup>1</sup> Effective for annual periods beginning on or after a date to be determined.

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2024.

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2025.

Except for the amendments to HKFRSs mentioned below, the Directors anticipate that the application of all other amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

**Amendments to HKAS 1 *Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) (the “2020 Amendments”) and Amendments to HKAS 1 *Non-current Liabilities with Covenants* (the “2022 Amendments”)***

The 2020 Amendments provide clarification and additional guidance on the assessment of right to defer settlement for at least twelve months from reporting date for classification of liabilities as current or non-current, which:

- clarify that if a liability has terms that could, at the option of the counterparty, result in its settlement by the transfer of the entity’s own equity instruments, these terms do not affect its classification as current or non-current only if the entity recognises the option separately as an equity instrument applying HKAS 32 *Financial Instruments: Presentation*.
- specify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period. Specifically, the amendments clarify that the classification should not be affected by management intentions or expectations to settle the liability within 12 months.

For rights to defer settlement for at least twelve months from reporting date which are conditional on the compliance with covenants, the requirements introduced by the 2020 Amendments have been modified by the 2022 Amendments. The 2022 Amendments specify that only covenants with which an entity is required to comply with on or before the end of the reporting period affect the entity’s right to defer settlement of a liability for at least twelve months after the reporting date. Covenants which are required to comply with only after the reporting period do not affect whether that right exists at the end of the reporting period.

In addition, the 2022 Amendments specify the disclosure requirements about information that enables users of financial statements to understand the risk that the liabilities could become repayable within twelve months after the reporting period, if an entity classifies liabilities arising from loan arrangements as non-current when the entity’s right to defer settlement of those liabilities is subject to the entity complying with covenants within twelve months after the reporting period.

The 2022 Amendments also defer the effective date of applying the 2020 Amendments to annual reporting periods beginning on or after 1 January 2024. The 2022 Amendments, together with the 2020 Amendments, are effective for annual reporting periods beginning on or after 1 January 2024, with early application permitted. If an entity applies the 2020 Amendments for an earlier period after the issue of the 2022 Amendments, the entity should also apply the 2022 Amendments for that period.

Based on the Group’s outstanding liabilities as at 31 December 2023, the application of the 2020 and 2022 Amendments will not result in reclassification of the Group’s liabilities.

### 3. REVENUE AND SEGMENT INFORMATION

The following is an analysis of the Group's revenue and results by operating and reportable segments under HKFRS 8 *Operating Segments*, based on information reported to the Company's executive directors, being the chief operating decision maker (the "CODM"), for the purposes of resource allocation and assessment of segment performance, which focuses on types of goods delivered. The Group's operating and reportable segments under HKFRS 8 *Operating Segments* are as follows:

- (i) Packaging paper – Kraft linerboard, test linerboard, coated duplex board, white top linerboard and high strength corrugating medium;
- (ii) Tissue paper; and
- (iii) Pulp.

#### Segment revenues and results

The following is an analysis of the Group's revenue and results by operating and reportable segment:

*Year ended 31 December 2023*

|  | Packaging<br>paper<br><i>HK\$'000</i> | Tissue<br>paper<br><i>HK\$'000</i> | Pulp<br><i>HK\$'000</i> | Segment<br>total<br><i>HK\$'000</i> | Eliminations<br><i>HK\$'000</i> | Consolidated<br><i>HK\$'000</i> |
|--|---------------------------------------|------------------------------------|-------------------------|-------------------------------------|---------------------------------|---------------------------------|
| REVENUE  |                                       |                                    |                         |                                     |                                 |                                 |
| External sales   | 19,943,445                            | 4,682,603                          | 311,035                 | 24,937,083                          | –                               | 24,937,083                      |
| Inter-segment sales  | –                                     | –                                  | 1,888,977               | 1,888,977                           | (1,888,977)                     | –                               |
|  | <u>19,943,445</u>                     | <u>4,682,603</u>                   | <u>2,200,012</u>        | <u>26,826,060</u>                   | <u>(1,888,977)</u>              | <u>24,937,083</u>               |
| SEGMENT PROFIT   | <u>798,712</u>                        | <u>806,002</u>                     | <u>46,623</u>           | <u>1,651,337</u>                    | <u>–</u>                        | <u>1,651,337</u>                |
| Net loss from fair value changes of<br>derivative financial instruments<br>and net exchange gain |                                       |                                    |                         |                                     |                                 | 12,377                          |
| Unallocated income   |                                       |                                    |                         |                                     |                                 | 64,723                          |
| Unallocated expenses   |                                       |                                    |                         |                                     |                                 | (39,677)                        |
| Share of results of an associate   |                                       |                                    |                         |                                     |                                 | 1,688                           |
| Share of result of a joint venture   |                                       |                                    |                         |                                     |                                 | 31                              |
| Finance costs  |                                       |                                    |                         |                                     |                                 | <u>(278,120)</u>                |
| Profit before tax  |                                       |                                    |                         |                                     |                                 | <u>1,412,359</u>                |

Year ended 31 December 2022

|  | Packaging<br>paper<br>HK\$'000 | Tissue<br>paper<br>HK\$'000 | Pulp<br>HK\$'000 | Segment<br>total<br>HK\$'000 | Eliminations<br>HK\$'000 | Consolidated<br>HK\$'000 |
|--|--------------------------------|-----------------------------|------------------|------------------------------|--------------------------|--------------------------|
| REVENUE  |                                |                             |                  |                              |                          |                          |
| External sales   | 24,453,678                     | 4,171,819                   | 544,905          | 29,170,402                   | –                        | 29,170,402               |
| Inter-segment sales  | –                              | –                           | 1,268,785        | 1,268,785                    | (1,268,785)              | –                        |
|  | <u>24,453,678</u>              | <u>4,171,819</u>            | <u>1,813,690</u> | <u>30,439,187</u>            | <u>(1,268,785)</u>       | <u>29,170,402</u>        |
| SEGMENT PROFIT   | <u>748,021</u>                 | <u>677,494</u>              | <u>91,121</u>    | <u>1,516,636</u>             | <u>–</u>                 | <u>1,516,636</u>         |
| Net gain from fair value changes of<br>derivative financial instruments<br>and net exchange gain |                                |                             |                  |                              |                          | 20,241                   |
| Unallocated income   |                                |                             |                  |                              |                          | 82,031                   |
| Unallocated expenses   |                                |                             |                  |                              |                          | (36,446)                 |
| Share of results of an associate   |                                |                             |                  |                              |                          | 55                       |
| Share of result of a joint venture   |                                |                             |                  |                              |                          | (27)                     |
| Finance costs  |                                |                             |                  |                              |                          | <u>(123,769)</u>         |
| Profit before tax  |                                |                             |                  |                              |                          | <u>1,458,721</u>         |

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment profit represents the profit earned by each segment without allocation of net (loss) gain from fair value changes of derivative financial instruments, rental income, interest income, net exchange gains, share of result of an associate, share of result of a joint venture, finance costs and other unallocated administrative expenses. This is the measure reported to the CODM for the purpose of resource allocation and performance assessment.

Inter-segment sales are charged at prevailing market rates.

### Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by reportable segment:

As at 31 December 2023

|                                | Packaging<br>paper<br>HK\$'000 | Tissue<br>paper<br>HK\$'000 | Pulp<br>HK\$'000 | Consolidated<br>HK\$'000 |
|--------------------------------|--------------------------------|-----------------------------|------------------|--------------------------|
| Segment assets                 | <b>38,879,732</b>              | <b>10,982,232</b>           | <b>2,718,208</b> | <b>52,580,172</b>        |
| Unallocated assets             |                                |                             |                  | <u>1,517,149</u>         |
| Consolidated total assets      |                                |                             |                  | <u><b>54,097,321</b></u> |
| Segment liabilities            | <b>1,497,939</b>               | <b>497,450</b>              | <b>88,185</b>    | <b>2,083,574</b>         |
| Unallocated liabilities        |                                |                             |                  | <u>23,246,785</u>        |
| Consolidated total liabilities |                                |                             |                  | <u><b>25,330,359</b></u> |

As at 31 December 2022

|                                | Packaging<br>paper<br><i>HK\$'000</i> | Tissue<br>Paper<br><i>HK\$'000</i> | Pulp<br><i>HK\$'000</i> | Consolidated<br><i>HK\$'000</i> |
|--------------------------------|---------------------------------------|------------------------------------|-------------------------|---------------------------------|
| Segment assets                 | 37,715,811                            | 8,478,362                          | 2,333,195               | 48,527,368                      |
| Unallocated assets             |                                       |                                    |                         | <u>1,798,317</u>                |
| Consolidated total assets      |                                       |                                    |                         | <u>50,325,685</u>               |
| Segment liabilities            | 1,962,224                             | 747,673                            | 30,042                  | 2,739,939                       |
| Unallocated liabilities        |                                       |                                    |                         | <u>18,978,852</u>               |
| Consolidated total liabilities |                                       |                                    |                         | <u>21,718,791</u>               |

For the purposes of monitoring segment performance and allocating resources between segments, all assets are allocated to operating segments other than bank balances and cash, and all liabilities are allocated to operating segments other than tax payable, bank borrowings, advances drawn on bills discounted with recourse, deferred tax liabilities, construction fee payables, other payables and accruals.

### Revenue from major products

The following is an analysis of the Group's revenue from its major products:

|   | 2023<br><i>HK\$'000</i>  | 2022<br><i>HK\$'000</i> |
|---|--------------------------|-------------------------|
| Packaging paper (including linerboard and corrugating medium) | <b>19,943,445</b>        | 24,453,678              |
| Tissue paper  | <b>4,682,603</b>         | 4,171,819               |
| Pulp  | <b>311,035</b>           | 544,905                 |
|   | <u><b>24,937,083</b></u> | <u>29,170,402</u>       |

### Geographical information

Approximately 90% (2022: approximately 89%) of the Group's revenue were derived from external customers in the PRC. The remaining of the Group's revenue were mainly derived from external customers in Malaysia and Vietnam.

Information about the Group's non-current assets (excluding financial assets) is presented based on the geographical location of the assets.

|  | Non-current assets       |                         |
|--|--------------------------|-------------------------|
|  | 2023<br><i>HK\$'000</i>  | 2022<br><i>HK\$'000</i> |
| The PRC other than Hong Kong and Macau | <b>30,595,817</b>        | 27,677,811              |
| Malaysia                               | <b>6,649,581</b>         | 6,379,668               |
| Vietnam                                | <b>2,354,159</b>         | 2,234,009               |
| Hong Kong, Macau and others            | <b>1,024,616</b>         | 1,049,913               |
|  | <u><b>40,624,173</b></u> | <u>37,341,401</u>       |

### Information about major customers

None of the Group's customers contributed over 10% of the Group's total revenue for the current and prior reporting period.

#### 4. OTHER INCOME

|  | 2023<br><i>HK\$'000</i> | 2022<br><i>HK\$'000</i> |
|--|-------------------------|-------------------------|
| Value added tax and other tax refund             | 228,348                 | 385,227                 |
| Income from supply of steam and electricity, net | 39,289                  | 40,645                  |
| Income from wharf cargo handling, net            | 30,494                  | 29,960                  |
| Interest income from banks                       | 19,193                  | 26,822                  |
| Gain on disposal of right-of-use assets          | –                       | 14,378                  |
| Government subsidy income                        | 404,810                 | 167,830                 |
| Rental income                                    | 45,530                  | 55,209                  |
| Write back of trade and other payables           | 10,048                  | 137,679                 |
| Others   | 134,015                 | 51,134                  |
|  | <u>911,727</u>          | <u>908,884</u>          |

#### 5. OTHER GAINS AND LOSSES, NET

|   | 2023<br><i>HK\$'000</i> | 2022<br><i>HK\$'000</i> |
|---|-------------------------|-------------------------|
| Net foreign exchange gain   | 12,549                  | 19,765                  |
| Net (loss)/gain from fair value changes of derivative financial instruments | (172)                   | 476                     |
| Loss on disposal of property, plant and equipment, net                      | (4,045)                 | (23,696)                |
|   | <u>8,332</u>            | <u>(3,455)</u>          |

#### 6. FINANCE COSTS

|   | 2023<br><i>HK\$'000</i> | 2022<br><i>HK\$'000</i> |
|---|-------------------------|-------------------------|
| Interest expense on lease liabilities   | 3,701                   | 3,397                   |
| Interest on bank borrowings and advances drawn on bills discounted<br>with recourse | 827,165                 | 361,261                 |
| Less: amounts capitalised to property, plant and equipment                          | (552,746)               | (240,889)               |
|   | <u>278,120</u>          | <u>123,769</u>          |

Borrowing costs capitalised during the year arose from the general borrowings and are calculated by applying a capitalisation rate ranging from 3.64% to 5.44% (2022: ranging from 1.30% to 5.19%) per annum to expenditures on qualifying assets.

## 7. INCOME TAX EXPENSE

|  | 2023<br><i>HK\$'000</i> | 2022<br><i>HK\$'000</i> |
|--|-------------------------|-------------------------|
| Income tax recognised in profit or loss:       |                         |                         |
| Current tax                                    |                         |                         |
| – The PRC Enterprise Income Tax (“EIT”)        | 38,788                  | 61,386                  |
| – PRC withholding tax on dividend distribution | 163,825                 | –                       |
| – Other jurisdictions                          | 27,588                  | 19,202                  |
|  | <u>230,201</u>          | <u>80,588</u>           |
| (Over)/under provision in previous years       |                         |                         |
| – The PRC EIT                                  | (19,829)                | (52,400)                |
| – Deferred tax                                 | (31,101)                | –                       |
| – Other jurisdictions                          | 1,192                   | (3,786)                 |
| Deferred tax                                   |                         |                         |
| – Charge to profit or loss                     | 77,933                  | 117,129                 |
|  | <u>258,396</u>          | <u>141,531</u>          |
| Total income tax recognised in profit or loss  | <u>258,396</u>          | <u>141,531</u>          |

The Group’s profit is subject to taxation from the place of its operations where its profit is generated and is calculated at the rate prevailing in the relevant jurisdictions.

### The PRC

The Group’s subsidiaries in the PRC are subject to corporate income tax at the rate of 25% (2022: 25%) except that eight (2022: seven) of these subsidiaries are entitled to preferential rate of 15% (2022: 15%) for the Group’s financial year ended 31 December 2023.

### Hong Kong

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both years.

### Macau

Macau Complementary Tax are calculated at 12% on the estimated assessable profits for both years.

### Vietnam

The Vietnam subsidiaries are subjected to Vietnam Corporate Income Tax at a rate of 10% during the years ended 31 December 2023 and 2022. They are entitled to a corporate income tax exemption for four years from the first profit-making year and a reduction of 50% for the following nine years. During the years ended 31 December 2023 and 2022, the Vietnam subsidiaries are entitled a reduction of 50% of Vietnam Corporate Income Tax rate of 10%.

### Malaysia

The Malaysia subsidiaries are subjected to Malaysia Corporate Income Tax at a rate of 24% during the years ended 31 December 2023 and 2022.

### Others jurisdictions

Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

## 8. PROFIT FOR THE YEAR

|   | 2023<br><i>HK\$'000</i> | 2022<br><i>HK\$'000</i> |
|---|-------------------------|-------------------------|
| Profit for the year has been arrived at after charging (crediting):   |                         |                         |
| Directors' emoluments   | 50,885                  | 51,300                  |
| Staff salaries and other benefits, excluding those of directors   | 1,403,245               | 1,461,102               |
| Contributions to retirement benefit schemes, excluding those of directors                                       | 145,012                 | 141,284                 |
|   | <hr/>                   | <hr/>                   |
| Total employee benefit expense  | 1,599,142               | 1,653,686               |
| Capitalised in inventories  | (1,132,306)             | (1,160,142)             |
|   | <hr/>                   | <hr/>                   |
|   | 466,836                 | 493,544                 |
|   | <hr/>                   | <hr/>                   |
| Auditor's remuneration  |                         |                         |
| – Audit services  | 10,674                  | 10,188                  |
| – Non-audit services  | 1,891                   | 819                     |
| Cost of inventories recognised as expense   | 22,434,909              | 26,477,906              |
|   | <hr/>                   | <hr/>                   |
| Depreciation of property, plant and equipment   | 1,315,105               | 1,360,801               |
| Depreciation of investment properties   | 24,653                  | 24,343                  |
| Depreciation of right-of-use assets   | 43,513                  | 42,930                  |
|   | <hr/>                   | <hr/>                   |
| Total depreciation  | 1,383,271               | 1,428,074               |
| Capitalised in inventories  | (1,208,724)             | (1,236,573)             |
|   | <hr/>                   | <hr/>                   |
|   | 174,547                 | 191,501                 |
|   | <hr/>                   | <hr/>                   |
| Gross rental income from investment properties  | (28,852)                | (31,602)                |
| Less: direct operating expenses incurred for investment properties that generated rental income during the year | 489                     | 310                     |
|   | <hr/>                   | <hr/>                   |
|   | (28,363)                | (31,292)                |
|   | <hr/>                   | <hr/>                   |

## 9. DIVIDENDS/DISTRIBUTION TO PERPETUAL CAPITAL SECURITIES

|  | 2023<br><i>HK\$'000</i> | 2022<br><i>HK\$'000</i> |
|--|-------------------------|-------------------------|
| Dividends recognised as distribution to ordinary shareholders:   |                         |                         |
| Final dividend of HK\$0.033 in respect of the year ended 31 December 2022 (2022: final dividend of HK\$0.11 in respect of the year ended 31 December 2021) per ordinary share      | 142,216                 | 474,927                 |
| Interim dividend of HK\$0.025 in respect of the year ended 31 December 2023 (2022: interim dividend of HK\$0.065 in respect of the year ended 31 December 2022) per ordinary share | 107,739                 | 280,575                 |
|  | <hr/>                   | <hr/>                   |
|  | 249,955                 | 755,502                 |
|  | <hr/>                   | <hr/>                   |

A final dividend of HK\$0.061 per ordinary share in respect of the year ended 31 December 2023 (2022: final dividend of HK\$0.033 per ordinary share in respect of the year ended 31 December 2022) has been proposed by the directors of the Company and is subject to approval by the shareholders at the forthcoming annual general meeting.

In addition, the Company has made a distribution on perpetual capital securities of HK\$101,677,000 (2022: HK\$131,096,000) to the securities holders during the year ended 31 December 2023.

## 10. EARNINGS PER SHARE

The calculation of the earnings per share is based on the profit for the year attributable to owners of the Company, ordinary shareholders of HK\$1,050,931,000 (2022: HK\$1,185,236,000) and weighted average number of 4,309,527,668 (2022: 4,316,586,025) ordinary shares in issue during the year.

No diluted earnings per share in both years was presented as there were no potential ordinary shares outstanding during both years.

## 11. ADDITIONS TO PROPERTY, PLANT AND EQUIPMENT AND RIGHT-OF-USE ASSETS

During the year, there were additions of HK\$4,472 million (2022: HK\$5,968 million) to property, plant and equipment to expand its operations.

During the year, the Group entered into leases for certain of its staff quarters and office premises for 1 year to 3 years. The Group makes fixed payments during the contract period. On lease commencement, the Group recognises HK\$18,913,000 (2022: HK\$59,676,000) of right-of-use assets and HK\$18,913,000 (2022: HK\$59,676,000) of lease liabilities.

## 12. INVENTORIES

|                | 2023<br><i>HK\$'000</i> | 2022<br><i>HK\$'000</i> |
|----------------|-------------------------|-------------------------|
| Raw materials  | 3,323,104               | 2,969,872               |
| Finished goods | 1,598,033               | 2,020,236               |
|                | <u>4,921,137</u>        | <u>4,990,108</u>        |

## 13. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

Included in trade and other receivables and prepayments are trade receivables amounting to HK\$4,209,151,000 (2022: HK\$3,670,588,000).

The Group allows its customers an average credit period of 45 to 90 days. The following is an aged analysis of trade receivables (excluding those backed by bills) presented based on the invoice date.

|                       | 2023<br><i>HK\$'000</i> | 2022<br><i>HK\$'000</i> |
|-----------------------|-------------------------|-------------------------|
| Aged:                 |                         |                         |
| Not exceeding 30 days | 1,809,940               | 2,140,193               |
| 31–60 days            | 658,703                 | 625,997                 |
| 61–90 days            | 157,690                 | 89,124                  |
| 91–120 days           | 77,736                  | 46,249                  |
| Over 120 days         | 165,876                 | 156,997                 |
|                       | <u>2,869,945</u>        | <u>3,058,560</u>        |

#### 14. TRADE AND OTHER PAYABLES

Included in trade and other payables are trade and bills payables of HK\$1,934,565,000 (2022: HK\$2,585,210,000).

The average credit period taken for trade purchases ranges from 30 to 90 days (2022: 30 to 120 days). The following is an aged analysis of the trade and bills payables presented based on the invoice date at the end of the reporting period.

|                       | 2023<br><i>HK\$'000</i> | 2022<br><i>HK\$'000</i> |
|-----------------------|-------------------------|-------------------------|
| Aged:                 |                         |                         |
| Not exceeding 30 days | 1,102,725               | 1,114,570               |
| 31–60 days            | 176,834                 | 546,457                 |
| 61–90 days            | 164,490                 | 398,785                 |
| 91–120 days           | 270,730                 | 437,258                 |
| Over 120 days         | 219,786                 | 88,140                  |
|                       | <u>1,934,565</u>        | <u>2,585,210</u>        |

#### 15. PERPETUAL CAPITAL SECURITIES

On 29 May 2019, the Company (the “Issuer”) issued USD300 million 5.50% senior perpetual capital securities (the “Securities”) at an issue price of 100 per cent which are listed on the Stock Exchange. Distribution is payable semi-annually in arrears based on a fixed rate of 5.5 per cent per annum. Distribution by the Issuer may be deferred at its sole discretion. These perpetual capital securities have no fixed maturity and are redeemable in whole, but not in part, at the Issuer’s option on 29 May 2024, or any distribution payment date falling thereafter at their principal amounts together with any accrued, unpaid or deferred distributions. While any distributions are unpaid or deferred, the Company will not declare, pay dividends or make distributions or similar periodic payments in respect of, or repurchase, redeem, reduce, cancel, buy-back or otherwise acquire any securities of lower rank.

On 6 December 2022, the Issuer has offered to all holders of the Securities to purchase for cash up to US\$130,000,000 in principal amount at the fixed purchase price of US\$860 per US\$1,000 principal amount (the “Tender Offer”). The Tender Offer expired on 16 December 2022 and US\$59,420,000 (approximately of HK\$466,150,000) in aggregate principal amount of the Securities were subsequently purchased and redeemed by the Issuer on 21 December 2022 and cancelled pursuant to the terms and conditions of the Securities. US\$240,580,000 (approximately of HK\$1,856,664,000) in aggregate principal amount of the Securities remain outstanding as at 31 December 2022.

For the year ended 31 December 2023, the Issuer repurchased the Securities in the open market and the Securities were redeemed by the Issuer and cancelled pursuant to the terms and conditions of the Securities as follows:

| Date of repurchases | Aggregate<br>principal<br>amount of<br>Securities<br>repurchased<br><i>US\$</i> |
|---------------------|---|
| 9 June 2023         | 500,000   |
| 9 August 2023       | 900,000   |
| 29 August 2023      | 900,000   |
| 8 September 2023    | 6,130,000   |
| 15 September 2023   | 5,000,000   |
| 19 September 2023   | 200,000   |
| 11 October 2023     | 10,200,000  |
| 1 November 2023     | 2,000,000   |
| 2 November 2023     | 300,000   |
| 17 November 2023    | 1,350,000   |
|                     | <u>27,480,000</u>   |

US\$213,100,000 (approximately of HK\$1,641,084,000) in aggregate principal amount of the Securities remain outstanding as at 31 December 2023.

## **FINAL DIVIDEND**

The Directors have proposed a final dividend of HK6.1 cents (2022: HK3.3 cents) per share for the year ended 31 December 2023 to shareholders whose names appear on the Register of Members on 21 May 2024. The final dividend is subject to approval by the shareholders in the forthcoming annual general meeting. It is expected that the final dividend will be paid around 5 June 2024.

## **CLOSURE OF REGISTER OF MEMBERS**

### **In relation to the AGM**

The annual general meeting (the “AGM”) of the Company is scheduled to be held on 9 May 2024. For ascertaining shareholders’ right to attend and vote at the AGM, the register of members of the Company will be closed from 6 May 2024 to 9 May 2024, both dates inclusive, during which period no transfer of shares will be registered. In order to qualify for attending and voting at the AGM, all completed transfer forms accompanied by the relevant share certificates must be lodged with the Company’s Branch Share Registrar, Tricor Investor Services Limited, at 17th Floor, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration no later than 4:30 p.m. on 3 May 2024.

### **In relation to the proposed final dividend**

The board of directors of the Company has resolved to recommend the payment of a final dividend of HK6.1 cents per share in cash for the year ended 31 December 2023 to shareholders whose names appear on the register of members of the Company on 21 May 2024 subject to the approval of the shareholders of the Company at the AGM. For ascertaining shareholders’ entitlement to the proposed final dividend, the register of members of the Company will be closed from 16 May 2024 to 21 May 2024, both dates inclusive, during which period no transfer of shares will be registered. In order to qualify for the proposed final dividend, all completed transfer forms accompanied by the relevant share certificates must be lodged with the Company’s Branch Share Registrar, Tricor Investor Services Limited, at 17th Floor, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration no later than 4:30 p.m. on 14 May 2024.

## **BUSINESS REVIEW AND OUTLOOK**

### **Business Review and Outlook**

In 2023, the economy in China gradually returned to a recovery path as the government relaxed the pandemic prevention and control measures. Although the paper manufacturing industry as a whole performed below expectations owing to the combined effect of a weak downstream demand and a surge in newly added production capacity, the market recovery is gathering pace during the second half of the year. On the other hand, the Group has been actively pursuing a vertical business model and its newly added pulp-making capacity has also gradually been put into operation. As a result, the Group's performance in the second half of the year showed a significant improvement compared to the first half.

For 2023, the Group recorded total revenue of HK\$24.9 billion, representing a decrease of 14.5% from that of the previous year, while the profit for the year decreased by 12.4% to HK\$1.2 billion as compared with that for the previous year. The earnings per share for the year were HK24.39 cents (2022: HK27.46 cents).

The board of directors has proposed a final dividend of HK6.1 cents per share for 2023 (2022: HK3.3 cents). The aggregate sales of the Group for 2023 amounted to 6.54 million tons, while its net profit per ton was HK\$176.

### **Industry and Business Review**

During the year under review, as the PRC government implemented the "zero tariff" on the import of various paper products, and the industry's newly-added production capacity was progressively put into operation, paper manufacturing companies generally adjusted their prices downward in the face of the competition. On the other hand, weak market demand and the industry's destocking cycle in the first half of the year put pressure on operating efficiency. During the second half of the year, the traditional peak season saw a rebound in demand for paper products, and the profitability of the entire industry improved in line with the gradual increase in paper prices.

In the face of changes in market supply and demand and policy adjustments, the Group actively consolidated its upstream resources to develop a vertical business model covering pulp-making and waste paper recycling, with a view to ensuring raw material supply and controlling its costs so as to improve profitability. During the year under review, the Group's new pulp production lines in Chongqing, Jiangxi and Guangxi commenced operation in succession, with an additional annual production capacity of 950,000 tons and a total pulp production capacity of 1.2 million tons.

The overseas production bases that the Group's previously established have demonstrated their cost advantages and generated substantial profits during the year under review. To further penetrate into the Southeast Asian market, the Group's fourth paper-making machine production line in Malaysia has commenced operation during the year, with an annual production capacity of 350,000 tons. Currently, the total production capacity of the production base in Malaysia is 1.4 million tons.

## **Business Prospects**

Packaging paper remains the Group's core business. In response to the carbon emission reduction target, the State Council successively promulgated the policies of the Notice on Further Strengthening the Control of Excessive Packaging of Commodities (《關於進一步加強商品過度包裝治理的通知》) and the Circular of the General Office of the State Council on Printing and Issuing the Development Plan for Modern Logistics during the 14th Five-Year Plan Period (《國務院辦公廳關於印發「十四五」現代物流發展規劃的通知》) to tighten control on plastic packaging and promote the use of paper packaging as a substitute, which will benefit the Group's packaging paper business. As the PRC government has placed greater emphasis on supporting economic recovery, domestic consumption sentiment is expected to improve, and demand for key paper products such as packaging paper will also gradually pick up.

Regarding the overseas markets, the Group will leverage on the manufacturing facilities in Malaysia and Vietnam and local resources to improve its operational efficiency. Meanwhile, the Group will continue to support the "Belt and Road" initiative to boost its export sales so as to fully explore business opportunities in countries and cities along the Belt and Road, and expand its presence in international markets in order to broaden its profit base.

With respect to the tissue paper business, the Group upholds its business philosophy of the pursuit of high quality and environmental friendliness and thus it introduced the natural bamboo unbleached tissue to the market in order to satisfy consumers' needs for environmental protection and health. The economic outlook in Mainland China is expected to gradually improve, resulting in a steady increase in demand for tissue paper. Currently, the Group's total annual production capacity of tissue paper has reached approximately 1.1 million tons. The Group will continue to proactively tap the potential of its tissue paper business based on consumer demand in order to expand the market shares of the Group's tissue paper business.

The Group has also devoted substantial resources to the pulp business and actively integrated the pulp production lines in Chongqing, Jiangxi and Guangxi. By implementing the vertical integration strategy, the Group has further secured the stable supply of raw materials for tissue paper and optimized production costs, thereby maximizing the profit of its pulp business and tissue paper business.

In addition to its commitment to growing its core business, the Group also devotes its efforts to fulfilling its corporate social responsibility by promoting various environmental-friendly initiatives. On one hand, the Group offers its customers various environmental-friendly products, while on the other hand, it reduces pollution and carbon emissions through waste paper recycling and advanced production technologies so as to achieve sustainable development.

In the long term, the paper manufacturing industry still has tremendous room for development. The Group will continue to implement a prudent operating strategy, actively explore business opportunities in the paper manufacturing industry, further expand and optimize the operation of its various business segments, develop its integrated industrial chain for more stable operation, broaden its profit base, and maintain its market competitiveness in the paper manufacturing industry.

## **Conclusion**

The Group would like to express its sincere gratitude to its employees and shareholders for their strong support. Leveraging its leading position in the paper manufacturing industry, consistently solid development advantages, and improved profitability, the Group will continue to create greater value for shareholders, employees and society.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **Results of Operation**

Revenue and the profit attributable to owners of the Company, ordinary shareholders for the year ended 31 December 2023 was HK\$24.9 billion and HK\$1.05 billion respectively, while its net profit per tonne was HK\$176.

The earnings per share for the year was HK24.39 cents when compared with HK27.46 cents for the year ended 31 December 2022.

### **Distribution and Selling Expenses**

The Group's distribution and selling expenses was HK\$595 million for the year ended 31 December 2023 as compared to HK\$784 million for the year ended 31 December 2022. It represented about 2.4% of the revenue for the year ended 31 December 2023 and was decreased as compared to about 2.7% for the year ended 31 December 2022.

### **General and Administrative Expenses**

The Group's general and administrative expenses was HK\$1,118 million for the year ended 31 December 2023 as compared to HK\$1,239 million for the year ended 31 December 2022. It represented about 4.5% of the revenue for the year ended 31 December 2023 and was increased as compared to that of 4.2% for the year ended 31 December 2022.

### **Finance Costs**

The Group's total finance costs (including the amounts capitalised) was HK\$831 million for the year ended 31 December 2023 as compared to HK\$365 million for the year ended 31 December 2022. The increase was mainly due to the increase in both bank borrowing amounts and average interest rate on bank borrowings during the year.

### **Inventories, Debtors' and Creditors' Turnover**

The inventory turnover of the Group's raw materials and finished products were 66 days and 17 days, respectively, for the year ended 31 December 2023 as compared to 47 days and 24 days, respectively, for the year ended 31 December 2022.

The Group's debtors' turnover days were 42 days for the year ended 31 December 2023 as compared to 38 days for the year ended 31 December 2022. This is in line with the credit terms granted by the Group to its customers.

The Group's creditors' turnover days were 38 days for the year ended 31 December 2023 as compared to 41 days for the year ended 31 December 2022.

### **Liquidity, Financial Resources and Capital Structure**

The total shareholders' fund of the Group (comprising of the Company's ordinary share capital, perpetual capital securities, reserves and non-controlling interests) as at 31 December 2023 was HK\$28,767 million (2022: HK\$28,607 million). As at 31 December 2023, the Group had current assets of HK\$13,141 million (2022: HK\$12,921 million) and current liabilities of HK\$11,436 million (2022: HK\$12,293 million). The current ratio was 1.15 as at 31 December 2023 as compared to 1.05 at 31 December 2022.

The Group generally finances its operations with internally generated cash flow and credit facilities provided by its principal bankers in Hong Kong, Macau and the PRC. As at 31 December 2023, the Group had outstanding bank borrowings of HK\$19,293 million (2022: HK\$16,327 million). These bank loans were secured by corporate guarantees provided by certain subsidiaries of the Company. As at 31 December 2023, the Group maintained bank balances and cash of HK\$1,517 million (2022: HK\$1,798 million). The Group's net debt-to-equity ratio (total borrowings net of cash and cash equivalents over shareholders' equity) increased from 0.51 as at 31 December 2022 to 0.62 as at 31 December 2023 as the result of the expansion of the Group.

The Group possesses sufficient cash and available banking facilities to meet its commitments and working capital requirements.

The Group's transactions and the monetary assets are principally denominated in Hong Kong dollars, Renminbi and United States dollars. The Group has not experienced any material difficulties or effects on its operations or liquidity as a result of fluctuations in currency exchange rates during the year ended 31 December 2023. The Group has used currency structured instruments, foreign currency borrowings or other means to hedge its foreign currency exposure.

### **Employees**

As at 31 December 2023, the Group had a workforce of more than 10,000 people. Salaries of employees are maintained at competitive level and are reviewed annually, with close reference to the relevant labour market and economic situation. The Group also provides internal training to staff and provides bonuses based upon staff performance and profits of the Group.

The Group has not experienced any significant problems with its employees or disruption to its operations due to labour disputes nor has it experienced any difficulty in the recruitment and retention of experienced staff. The Group maintains a good relationship with its employees.

## Purchase, Sale or Redemption of the Company's Listed Securities

During the year, the Company repurchased a total of 757,000 shares of HK\$0.025 per share through the Stock Exchange at an aggregate consideration of approximately HK\$1,547,000 (including transaction costs). All of the shares repurchased were cancelled during the year. Details of shares repurchased during the year are set out as follows:

| <b>Month</b> | <b>Number of shares repurchased</b> | <b>Highest price paid per share</b><br><i>HK\$</i> | <b>Lowest price paid per share</b><br><i>HK\$</i> | <b>Aggregate consideration paid (including expenses)</b><br><i>HK\$'000</i> |
|--------------|-------------------------------------|--|---|---|
| December     | <u>757,000</u>                      | 2.04   | 2.02  | <u>1,547</u>  |

The Board believes that repurchases of shares are in the best interests of the Company and its shareholders and that such repurchases of shares would lead to an enhancement of the earnings per share of the Company.

Save as disclosed above and in note 15 to the audited consolidated results, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year.

## CORPORATE GOVERNANCE

The Company is committed to maintaining high standards of corporate governance. The Board of the Company believes that sound and reasonable corporate governance practices are essential for the growth of the Group and for safeguarding and maximising shareholders' interests. During the year under review, the Company has complied with the Code on Corporate Governance Practices as set out in Appendix 14 of the Listing Rules.

The objectives of the management structures within the Group, headed by the Board and led by the Chairman, are to deliver sustainable value to Shareholders.

The Chairman provides leadership to and oversees the effective functioning of the Board. With support of the Chief Executive Officer and the Company Secretary, the Chairman approves Board meeting agenda, and ensures Directors have proper briefing, and timely receive adequate and reliable information, on all Board matters.

The role of the Chairman is separate from that of the Chief Executive Officer, and different persons hold the separate offices. Chief Executive Officer heads the management and focuses on the day-to-day operations of the Group.

## **AUDIT COMMITTEE**

The Audit Committee has reviewed with management the Group's consolidated financial statements for the year ended 31 December 2023 the accounting principles and practices adopted and discussed auditing, internal controls and financial reporting matters.

## **DIRECTORS' SECURITIES TRANSACTIONS**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") as set out in Appendix 10 of the Listing Rules as a code of conduct regarding directors' securities transactions in 2004. All the members of the Board have confirmed, following specific enquiry by the Company that they have complied with the required standard as set out in the Model Code throughout the year ended 31 December 2023. The Model Code also applies to other specified senior management of the Group.

## **SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU**

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2023 as set out in the Preliminary Announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Messrs. Deloitte Touche Tohmatsu on the preliminary announcement.

## **ANNUAL GENERAL MEETING**

It is proposed that the Annual General Meeting of the Company will be held on 9 May 2024. The Notice of the Annual General Meeting will be published in the Company's website and sent to the shareholders of the Company in due course.

On behalf of the Board  
**Lee Man Chun Raymond**  
*Chairman*

Hong Kong, 8 March 2024

*As at the date of this announcement, the board of directors of the Company comprises five executive directors, namely Dr. Lee Man Chun Raymond, Mr. Lee Man Bun, Mr. Li King Wai Ross, Mr. Lee Jude Ho Chung and Mr. Yip Heong Kan and three independent non-executive directors, namely Mr. Chau Shing Yim David, Ms. Lo Wing Sze and Mr. Chan Wai Yan Ronald.*